GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:183
ANSWERED ON:18.02.2009
LIMIT OF OVERSEAS BORROWING
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Will the Minister of FINANCE be pleased to state:

(a) the current overseas borrowing limit for Indian companies;

(b) whether the Govt. has recently increased overseas borrowing limit; and

(c) if so, the details thereof and the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): The current overseas borrowing limit for Indian Companies,other than those belonging to Hotels,Hospitals and Software Sectors,incorporated under the Company's Act, 1956 is US$ 500 million per financial year for Rupee expenditure and/ or foreign currency expenditure for permissible end-uses under the Automatic Route. Such corporate can also avail of ECB for an additional amount of US$ 250 million with an average maturity period of 10 years under the Approval Route subject to certain conditions.

(b) & (c): ECB policy including the overall limit for overseas borrowing is reviewed regularly by the Government in consultation with RBI keeping it in line with the evolving macro-economic situation,changing market conditions,sectoral requirements,developments in the external sector and lessons of experience.Consequent upon such a review, the Government has announced certain modifications in ECB policy in January 2009,but no overseas borrowing limit has been increased as such.